

June 27, 2024

Board of Directors  
Hood River County Transportation District  
Hood River, Oregon

**The Objective and Scope of the Audit of the Financial Statements**

You have requested SingerLewak LLP (“SingerLewak”, “we”, “us”, or “our”), audit the Hood River County Transportation District’s (the District, “you” or “your”) governmental activities, and each major fund as of and for the year ending June 30, 2024, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter (“Engagement Letter”).

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and *Government Auditing Standards* issued by the Comptroller General of the United States (“GAS”) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.

Supplementary information will accompany the District’s basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

- General fund budgetary comparison schedule
- Schedule of expenditures of federal awards

You have also requested that SingerLewak perform the audit of the District as of June 30, 2024 to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”).

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with GAAS, GAS, the Uniform Guidance, the U.S. Office of Management and Budget's ("OMB") Compliance Supplement, and the Minimum Standards for Audits of Oregon Municipal Corporations. Those standards require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, the Uniform Guidance, and the Minimum Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider the entity's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We are responsible for the compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our report(s) on internal control over financial reporting and over compliance for major programs will include any significant deficiencies and material weaknesses in internal control over financial reporting and over compliance for major programs of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control over financial reporting and over compliance for major programs consistent with requirements of the standards and regulations identified above. Our report(s) on compliance matters will address material errors, fraud, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants ("AICPA") and GAS.

**The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Management is responsible for:

1. Identifying and ensuring that the District complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, analysts, regulators, vendors, customers or others.

Management is responsible for the preparation of the supplementary information presented in relation to the financial statements as a whole on a budgetary basis. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and will indicate that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Directors is responsible for informing us of its views about the risks of fraud, waste or abuse within the District, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the District.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledges and understands that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting;
2. To evaluate subsequent events through the date the financial statements are issued. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For report distribution; and
5. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
  - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
  - c. Additional information that we may request from management for the purpose of the audit; and
  - d. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Engagement Letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing and the fair presentation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; (g) timely and accurate completion of the data collection form and (h) submitting the reporting package and data collection form.

### **Reporting**

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the District's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on the District's financial statements, we will also issue the following reports:

1. A report on the fairness of the presentation of the District's schedule of expenditures of federal awards for the year ending June 30, 2024;
2. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS;
3. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance;
4. An accompanying schedule of findings and questioned costs; and
5. A report on the District's compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 762-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Upon issuance of our written report, we will upload the financial statements and our report to the RIVIO Clearinghouse ("RIVIO"). It is the responsibility of management to verify and validate the written report submitted through RIVIO, to designate third party recipients, and to authorize release of the written report and related financial statements to the designated third-party recipients.

### **Records and Assistance**

During the course of our engagement, we may accumulate records containing data that should be reflected in the District's books and records. The District will determine that all such data, if necessary, will be so reflected. Accordingly, the District will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by District personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Tiah Mayhew, Office Manager. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

### **Non-audit Services**

In connection with our audit, you have requested us to perform the following non-audit services:

1. Drafting the financial statements
2. Post-closing entries based on information provided by management
3. Preparation of Data Collection Form

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the District, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The District has agreed that Tiah Mayhew, Office Manager, possesses suitable skill, knowledge or experience and that the individual understands the non-audit services to be performed and described above sufficiently to oversee them. Accordingly, the management of the District agrees to the following:

1. The District has designated Tiah Mayhew, Office Manager, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Tiah Mayhew, Office Manager, will assume all management responsibilities for subject matter and scope of all non-audit services;
3. The District will evaluate the adequacy and results of the services performed; and
4. The District accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the District's management or those charged with governance of the objectives of the non-audit services, the services to be performed, the District's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this Engagement Letter documents that understanding.

**Other Relevant Information**

In accordance with GAS, a copy of our most recent peer review report has been provided to you for your information.

**Fees and Costs**

Our professional fees for the services described above are \$32,200, and are based upon the value of the services performed and the time required by the individuals assigned to the engagement.

Consultations related to accounting matters will be limited to five [5] hours per year, and any excess time incurred will be billed separately and at standard rates.

Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from the District personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. One major program determined and tested during the Single Audit
6. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

The payment schedule for the aforementioned services is as follows:

|                         |                         |    |               |
|-------------------------|-------------------------|----|---------------|
| First progress billing  | July 1st                | \$ | 10,730        |
| Second progress billing | Completion of fieldwork |    | 10,730        |
| Final billing           | Delivery of the Audit   |    | 10,740        |
| Total                   |                         | \$ | <u>32,200</u> |

Upon our notice to you, we reserve the right to cease all work on your account(s), regardless of the nature of the work, for your nonpayment of delinquent balances owed to us. Such cessation will continue until your account or accounts are brought current. If it should become necessary to assign your account(s) for collection, you will be responsible for attorney fees and costs, as well as for interest at the legal rate.

**Use of Third-Party Products**

We may provide services to you using certain third-party hardware, software, equipment, or products (collectively, “Third-Party Products” and each, individually, a “Third-Party Product”). You acknowledge that the use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by or on behalf of you to us, including Confidential Information and Personal Information, within the Third-Party Product’s infrastructure and not ours. You further acknowledge that the terms of use and service, including, but not limited to, applicable laws, set forth in the end-user license, end-user subscription agreement, or other end-user agreement for such Third-Party Product (collectively, “EULA(s)”) will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product’s infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

To the extent SingerLewak gives the District access to a Third-Party Product in connection with the services contemplated herein, the District agrees to comply with the terms of any applicable EULA for such Third-Party Product, and the District shall be solely responsible for the improper use of a Third-Party Product or a violation of the applicable EULA for such Third-Party Product, by the District, or any user to whom the District grants access to such Third-Party Product. The District agrees to indemnify and hold SingerLewak harmless from and against any claims, actions, lawsuits, proceedings, judgments, liens, losses, damages, costs, expenses, fees (including reasonable legal fees, expenses, and costs), and other liabilities relating to, or arising from or out of, the improper use of a Third-Party Product, or a violation of the terms of the applicable EULA for such Third-Party Product, by the District, or any user to whom the District grants access to such Third-Party Product.

You acknowledge that the use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from the use of a Third-Party Product.

**Use and Ownership; Access to Audit Documentation**

The Audit Documentation for this engagement is the property of SingerLewak. For the purposes of this Engagement Letter, the term “Audit Documentation” shall mean the confidential and proprietary records of SingerLewak’s audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by SingerLewak for the District under this Engagement Letter, or any documents belonging to the District or furnished to SingerLewak by the District.



Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable SingerLewak policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in SingerLewak's form. SingerLewak reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the District, the District will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of SingerLewak. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested Audit Documentation will be provided under the supervision of SingerLewak audit personnel and at a location designated by our firm.

**Indemnification, Limitation of Liability, and Claim Resolution**

The District and SingerLewak both agree that, except as provided below, any dispute over fees charged by SingerLewak to the District will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final; however, SingerLewak shall have the option to have any dispute that is within the jurisdiction of Small Claims Court heard in said court. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE AND JURY AND INSTEAD IS ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.**

Because SingerLewak will rely on the District and its management and Board of Directors to discharge the foregoing responsibilities, the District agrees to indemnify, hold harmless and release SingerLewak and its partners, principals, officers, directors, employees, affiliates, subsidiaries, contractors, agents, representatives, successors, or assigns from all third-party claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the District's management.

**THE DISTRICT AND SINGERLEWAK AGREE THAT NO CLAIM ARISING OUT, FROM, OR RELATING TO THE SERVICES RENDERED PURSUANT TO THIS ENGAGEMENT LETTER SHALL BE FILED MORE THAN TWO YEARS AFTER THE DATE OF THE AUDIT REPORT ISSUED BY SINGERLEWAK OR THE DATE OF THIS ENGAGEMENT LETTER IF NO REPORT HAS BEEN ISSUED. IN NO EVENT SHALL SINGERLEWAK OR THE DISTRICT, OR ANY OF THEIR RESPECTIVE PARTNERS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS, OR ASSIGNS (COLLECTIVELY, THE "COVERED PARTIES" AND EACH INDIVIDUALLY, A "COVERED PARTY"), BE LIABLE FOR THE INTERRUPTION OR LOSS OF BUSINESS, ANY LOST PROFITS, SAVINGS, REVENUE, GOODWILL, SOFTWARE, HARDWARE, OR DATA, OR THE LOSS OF USE THEREOF (REGARDLESS OF WHETHER SUCH LOSSES ARE DEEMED DIRECT DAMAGES), OR INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR SIMILAR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT FOR A COVERED PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS ENGAGEMENT LETTER, TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF THE COVERED PARTIES ARISING OUT OF, FROM, OR RELATING TO THIS ENGAGEMENT LETTER, OR THE REPORT ISSUED OR SERVICES PROVIDED HEREUNDER, REGARDLESS OF THE CIRCUMSTANCES OR NATURE OR TYPE OF CLAIM, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING FROM A COVERED PARTY'S NEGLIGENCE OR BREACH OF CONTRACT OR WARRANTY, OR RELATING TO OR ARISING FROM A GOVERNMENT, REGULATORY OR ENFORCEMENT ACTION, INVESTIGATION, PROCEEDING, OR FINE, WILL NOT EXCEED THE TOTAL AMOUNT OF THE FEES PAID BY THE DISTRICT TO SINGERLEWAK UNDER THIS ENGAGEMENT LETTER. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS LIMITATION OF LIABILITY PROVISION SHALL, OR SHALL BE INTERPRETED OR CONSTRUED TO, RELIEVE THE DISTRICT OF ITS PAYMENT OBLIGATIONS TO SINGERLEWAK UNDER THIS ENGAGEMENT LETTER.**

**Confidentiality**

SingerLewak and the District may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, SingerLewak and the District agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Engagement Letter. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, SingerLewak is permitted to disclose the District's Confidential Information to SingerLewak's personnel, agents, and representatives to provide the services or exercise its rights under this Engagement Letter or for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Engagement Letter.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Disclosing Party's Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Engagement Letter.

Notwithstanding anything stated to the contrary in this Engagement Letter, the District consents to SingerLewak: (i) using any information or data, including Confidential Information and Personal Information, provided by or on behalf of the District, or otherwise obtained by SingerLewak, in connection with the services provided under this Engagement Letter, to provide the District with professional services under any other professional services agreement the District enters into or has entered into with SingerLewak; and (ii) using any information or data provided by or on behalf of the District, or otherwise obtained by SingerLewak, in connection with professional services provided by SingerLewak under another professional service agreement SingerLewak has entered into with the District, including confidential, personal, or other protected information, to provide the services under this Engagement Letter to the District.

**Preexisting Nondisclosure Agreements**

In the event that the parties have executed a separate nondisclosure agreement, such agreement shall be terminated as of the effective date of this Engagement Letter and the terms of this Engagement Letter shall apply to the treatment of information shared by the parties hereto.

### **Data Protection Compliance**

Prior to disclosing to us or granting us with access to your data, you will identify in writing any personal, technical, or other data provided or made accessible to us pursuant to this Engagement Letter that may be subject to heightened protections under applicable privacy, cybersecurity, export control, and/or data protection laws, including, but not limited to, protected health information pursuant to the Health Information Portability and Accountability Act of 1996 (“HIPAA”), classified, marked or unmarked controlled unclassified information (“CUI”) subject to the National Industrial Security Program Operating Manual (“NISPOM”) or the Defense Federal Acquisition Regulation Supplement (“DFARS”), or export controlled data subject to Export Administration Regulations (“EAR”) or International Traffic in Arms Regulations (“ITAR”) . Unless otherwise expressly agreed upon and specified in writing by SingerLewak and the District, you shall not provide us with access to such data and you shall be responsible for the handling of all such data in connection with the performance of the services requested hereunder, including, but not limited to, the scrubbing, de-identification, de-aggregation, protection, encryption, transfer, movement, input, storage, migration, deletion, copying, processing, and modification of such data.

SingerLewak and the District acknowledge and agree that they may correspond or convey information and documentation, including Confidential Information and Personal Information, via various forms of electronic transmission, including, but not limited to, Third-Party Products, such as, email, FTP and cloud-based sharing and hosting applications (e.g., portals, data analytics tools, and helpdesk and support ticketing applications), and that neither party has control over the performance, operation, reliability, availability, or security of these electronic transmissions methods. Therefore, neither party will be liable for any loss, damage, expense, harm, disclosure or inconvenience resulting from the loss, delay, interception, corruption, unauthorized disclosure, or alteration of any electronic transmission where the party has used commercially reasonable efforts to protect such information. We offer our clients various platforms for the exchange of information. You hereby agree that you shall be bound by and comply with any and all user terms and conditions made available (whether by link, click-through, or otherwise) with respect to such platforms.

### **Information Security – Portal Access and Use**

SingerLewak will create individual logon accounts for those District employees who need access to iChannel, RIVIO, and Suralink (the “Portals”). Each account will have access only to those document areas requested by the District. (SingerLewak strongly recommends the District establish a policy that logon information not be shared with others.) In order to maintain security, the District agrees to designate a single individual as the authorized person to contact the Firm to request employee logons. The initial designee is Tiah Mayhew, Office Manager. All initial logon information will be transmitted to the designee by e-mail and passwords will then be changed by the District’s employees.

The District acknowledges that the use of username and password is an adequate form of security. The District is solely responsible for (1) authorizing, monitoring, controlling access to, and maintaining the strict confidentiality of each employee's username and password; (2) not allowing another person to use an employee's username or password; (3) any charges or damages that may be incurred as a result of the District's neglect to maintain the strict confidentiality of an employee's username and password; and (4) promptly informing SingerLewak in writing of any need to deactivate a username due to security concerns or otherwise. SingerLewak is not liable for any harm related to the misuse or theft of usernames or passwords, disclosure of usernames or passwords, or the District's authorization to allow another person or entity to access and use the Portals using an employee's username or password. The District shall immediately notify SingerLewak of any unauthorized use of an employee's username or password and any breach of confidentiality. Until SingerLewak receives this notification from the District, the District will be held liable for any harm ensuing from the use of an employee's username on the Portals.

The District agrees to notify SingerLewak via email or in writing when an individual logon account is to be terminated. SingerLewak will make every effort to confirm and terminate access within 10 business days. However, the District cannot be assured that access has been terminated until District receives an email confirmation of termination.

You agree that SingerLewak has no responsibility for the activities of RIVIO and Suralink and agree to indemnify and hold SingerLewak harmless with respect to any and all claims arising from or related to the operation of RIVIO and Suralink.

**Personal Information**

As used herein, the term "Personal Information" means any personal information, as may be defined by applicable privacy, data protection, or cybersecurity laws, that directly or indirectly identifies a natural person, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver's license numbers or government-issued identification card numbers, and health information.

Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. We are permitted to use all such Personal Information to perform our obligations and exercise our rights under this Engagement Letter.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

Where we are acting as a service provider under the California Consumer Privacy Act and the California Privacy Rights Act, including as amended or replaced, and the associated regulations ("CCPA"), we (i) will not Sell or Share (as those terms are defined by the CCPA) any Personal Information received from the District; (ii) will not retain, use, or disclose Personal Information to another business, person, or third party, except for the purpose of maintaining or providing the services or exercising our rights as specified in this Engagement Letter, including to provide Personal Information to advisers, to maintain or provide the services provided under this Engagement Letter, or to the extent such disclosure is required by law. At your written request, and at your cost, we shall reasonably assist you in addressing your obligations under the CCPA with regard to privacy rights requests related to your Personal Information held by us, directly resulting from our business relationship with you. We reserve the right to decline such a request where, as determined in our sole discretion, the request for our assistance could violate or impair a Consumer's (as that term is defined by the CCPA) rights under the CCPA or another applicable law, regulation, or professional or ethical standard. We certify that we understand and will comply with the requirements enumerated in (i) and (ii). For the avoidance of doubt, all permitted uses of Personal Information by service providers that are enumerated in the CCPA are understood to apply to the Personal Information processed by us.

We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of District-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

#### **Retention of Records**

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Engagement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards or to exercise our rights under this Engagement Letter. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

#### **Termination**

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Engagement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

You may terminate this Engagement Letter for any reason upon fifteen (15) days' prior written notice to us. In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

Either party may terminate this Engagement Letter upon written notice if: (i) circumstances arise that in its judgment would cause its continued performance to result in a violation of law, a regulatory requirement, applicable professional or ethical standards, or, in the case of SingerLewak, our client acceptance or retention standards; or (ii) if the other party is placed on a Sanctioned List (as defined herein), or if any director or executive of, or other person closely associated with such other party or its affiliate, is placed on a Sanctioned List.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Engagement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Engagement Letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Engagement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Engagement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Engagement Letter will no longer apply. In order for us to recommence work, the execution of a new Engagement Letter will be required.

The parties agree that those provisions of this Engagement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Engagement Letter.

#### **Miscellaneous**

We may mention your name and provide a general description of the engagement in our client lists and marketing materials.

Notwithstanding anything stated to the contrary in this Engagement Letter, the District acknowledges and consents that we also may utilize Confidential Information and Personal Information to (i) improve the quality of our services and offerings and/or (ii) develop or perform internal data analysis or other insight generation. Information developed in connection with these purposes may be used by us to provide services or offerings. We will not use your Confidential Information or Personal Information in a way that would permit the District or an individual to be identified by third parties without your prior written consent.

The District agrees that it will not include our reports or otherwise associate us with any public or private securities offering without first obtaining our consent. Therefore, the District agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The District agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. If, based on our review, we identify no material inconsistencies with our audit, or other misstatements of fact, we will promptly communicate in writing to the District that we do not object to the inclusion of our report in the offering documents. In the event our auditor/client relationship has been terminated when the District seeks such consent, we will be under no obligation to grant such consent or approval.

We agree that our association with any proposed offering is not necessary, providing the District agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The District agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

SingerLewak LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our partners, principals or employees.

Each party hereto affirms it has not been placed on a Sanctioned List (as defined below) and will promptly notify the other party upon becoming aware that it has been placed on a Sanctioned List at any time throughout the duration of this Engagement Letter. The District shall not, and shall not permit third parties to, access or use any of the deliverables provided for hereunder, or Third-Party Products provided hereunder, in violation of any applicable sanctions laws or regulations, including, but not limited to, accessing or using the deliverables provided for hereunder or any Third-Party Products from any territory under embargo by the United States. The District shall not knowingly cause SingerLewak to violate any sanctions applicable to SingerLewak. As used herein "Sanctioned List" means any sanctioned person or entity lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the Consolidated Canadian Autonomous Sanctions List, the United Nations Security Council, the European Union, and United Kingdom.

Any term of this Engagement Letter that would be prohibited by or impair our independence under applicable law or regulation shall not apply, to the extent necessary only to avoid such prohibition or impairment.



**Notices**

Unless otherwise expressly agreed upon by the parties in this Arrangement Letter, all notices required to be given hereunder will be in writing and addressed to the party at the business address provided in this Arrangement Letter, or such other address as such party may indicate by a notice delivered to the other party. A copy of any legal notice (e.g., any claimed breach or termination of this Arrangement Letter) sent by the District to SingerLewak shall also be sent to the following address: Chief Operating Officer, SingerLewak LLP, 10960 Wilshire Boulevard, Suite 1100, Los Angeles, CA 90024. Except as otherwise expressly provided in this Arrangement Letter, notices hereunder will be deemed given and effective: (i) if personally delivered, upon delivery; (ii) if sent by registered or certified mail or by overnight courier service with tracking capabilities, upon receipt; and, (iii) if sent by electronic mail (without indication of delivery failure), at such time as the party that sent the notice receives confirmation of receipt, whether by read-receipt confirmation or otherwise.

**Governing Law**

This Engagement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Engagement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of Oregon, without regard to its conflict of law principles, and applicable U.S. federal law.

**Entire Agreement**

This Engagement Letter constitutes the complete and exclusive statement of agreement between SingerLewak and the District, and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Engagement Letter.

If any term or provision of this Engagement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Engagement Letter may be amended or modified only by a written instrument executed by both parties.

**Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this Engagement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Engagement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this Engagement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

**Acknowledgement and Acceptance**

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represent that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

**AGREED TO AND ACKNOWLEDGED BY:**

SingerLewak LLP



Brad Bingenheimer, Partner

Confirmed on behalf of Hood River County Transportation District:

\_\_\_\_\_  
Amy Schlappi, Executive Director

\_\_\_\_\_  
Date



## Report on the Firm's System of Quality Control

March 10, 2023

To the Partners of SingerLewak, LLP and the  
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of SingerLewak, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended September 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

### **Required Selections and Considerations**

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, audits of employee benefit plans, an audit performed under FDICIA, and an examination of a service organization (SOC 2).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of SingerLewak, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended September 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. SingerLewak, LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads 'RW Group, LLC'.

**HOOD RIVER COUNTY TRANSPORTATION DISTRICT  
ANNUAL FINANCIAL REPORT  
June 30, 2024**

# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

## BOARD OF DIRECTORS

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| <u>Name</u>                              | <u>Term Expires</u> |
|--|---------------------|
| Greg Pack – Board Chair                  | June 30, 2025       |
| Megan Ramey – Board Vice-Chair           | June 30, 2025       |
| Tamra Taylor – Board Secretary-Treasurer | June 30, 2027       |
| Gisela Ayala-Echeverria – Director       | June 30, 2027       |
| Eleazar Reyes – Director                 | June 30, 2027       |
| Dr Meghan Larivee – Director             | June 30, 2025       |
| Matt Althoff - Director                  | June 30, 2025       |

*Board members receive all District communications at the address below.*

Executive Director

Amy Schlappi

Address

224 Wasco Loop  
Hood River, OR 97031

**HOOD RIVER COUNTY TRANSPORTATION DISTRICT**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hood River County Transportation District  
Hood River, Oregon

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the modified cash basis financial statements of the governmental activities and the major fund of the Hood River County Transportation District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of Hood River County Transportation District, as of June 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenditures and changes in fund balance – budget to actual – General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.



Board of Directors  
Hood River County Transportation  
Independent Auditor's Report  
September 26, 2024

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 2.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Oregon State Regulations**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated September 26, 2024 on our consideration of District's compliance with certain provisions of laws and regulations including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

*Singer Lewak LLP*

September 26, 2024

By:



Bradley G. Bingenheimer, Partner

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# Hood River County Transportation District

## Management's Discussion and Analysis

### For the Fiscal Year Ended June 30, 2024



As management of Hood River County Transportation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024, within the limitation of the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements and notes to the basic financial statements which follow.

#### ***Financial Highlights***

- In the Statement of Activities, the District's revenues exceeded their expenses by \$440,866 this year, increasing the net position by that same amount. This was largely due to receiving CARES funding for expenses that were incurred in the prior year.
- The District made significant improvements in operational efficiencies, which increased their revenue by 2%, and decreased their non-capital related expenditures by 10%, as reported on the Statement of Activities.
- The District's expenditures remained within budget for the fiscal year ended June 30, 2024, as shown in the Schedule of Revenues, Expenditures, and Changes in Fund Balance.
- The District remains debt free.

#### ***Overview of the Financial Statements***

***Basis of Accounting*** – The District has elected to present its financial statements on a modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP). In the cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when funds are received or paid, rather than when the goods or services are provided or incurred, as under the accrual basis of accounting. Modifications to the cash basis of accounting are as follows:

- ***Government-Wide Financial Statements*** – In the government wide financial statements, the only modification to the full cash basis of accounting is the recording of capital assets, credit card and payroll liabilities, and related expenses.
- ***Fund Financial Statements*** – In the fund financial statements, the only modification to the full cash basis of accounting is the recording credit card and payroll liabilities and their related expenses. In line with the cash basis of accounting, capital assets are expended when purchased and not depreciated over time, as in the government-wide financial statements.

#### ***Government Wide Financial Statement Analysis***

***Statement of Net Position*** – Net position may serve over time as a useful indicator of the District's financial position. As of June 30, 2024, the District's assets exceeded their liabilities by \$4,557,654, an 11% increase from the prior year. The District ended the year with a restricted net position of \$270,351, or 6% of the total net position. These funds are amounts restricted by agreement or law, which are restricted for specific purposes.

**Condensed Statement of Net Position**

| Modified cash basis                       | As of              |                    | Increase/<br>(Decrease) |
|---|--------------------|--------------------|-------------------------|
|   | 6/30/2024          | 6/30/2023          |                         |
| <b>Assets</b>                             |                    |                    |                         |
| Cash and equivalents                      | \$1,618,396        | \$1,005,151        | \$ 613,245              |
| Capital assets                            | 2,945,237          | 3,119,438          | (174,201)               |
| <b>Total assets</b>                       | <b>4,563,633</b>   | <b>4,124,589</b>   | <b>439,044</b>          |
| <b>Liabilities</b>                        | 5,979              | 7,801              | (1,822)                 |
| <b>Net position</b>                       |                    |                    |                         |
| Net investment in capital assets          | 2,945,237          | 3,119,438          | (174,201)               |
| Restricted net position                   | 270,351            | 200,000            | 70,351                  |
| Unrestricted net position                 | 1,342,066          | 797,350            | 544,716                 |
| <b>Total net position</b>                 | <b>4,557,654</b>   | <b>4,116,788</b>   | <b>440,866</b>          |
| <b>Total liabilities and net position</b> | <b>\$4,563,633</b> | <b>\$4,124,589</b> | <b>\$ 439,044</b>       |

This District's largest assets remain their capital assets, which are comprised of land, buildings, and equipment, as outlined in the notes to the financial statements, and represent 65% of the District's total assets as of June 30, 2024. Cash balance also increased by \$613,245.

*Statement of Activities* – For the two most recent fiscal years, the net position of the District changed as follows:

| Modified cash basis            | For the fiscal year ended |                     | Variance<br>+ / (-) |
|--------------------------------|---------------------------|---------------------|---------------------|
|                                | 6/30/2024                 | 6/30/2023           |                     |
| <b>Revenue</b>                 |                           |                     |                     |
| Charges of services            | \$ 329,979                | \$ 264,809          | \$ 65,170           |
| Federal grants                 | 903,848                   | 1,149,759           | (245,911)           |
| State grants                   | 1,465,858                 | 1,285,404           | 180,454             |
| Tax revenues                   | 269,501                   | 257,304             | 12,197              |
| Interest income                | 53,096                    | 19,869              | 33,227              |
| Miscellaneous revenue          | 5,344                     | -                   | 5,344               |
| <b>Total revenue</b>           | <b>3,027,626</b>          | <b>2,977,145</b>    | <b>50,481</b>       |
| <b>Expenditures</b>            |                           |                     |                     |
| Materials and services         | (766,864)                 | (968,737)           | 201,873             |
| Personnel expense              | (1,586,915)               | (1,637,244)         | 50,329              |
| Capital asset related activity | (232,981)                 | (467,686)           | 234,705             |
| <b>Total expenditures</b>      | <b>(2,586,760)</b>        | <b>(3,073,667)</b>  | <b>486,907</b>      |
| <b>Change in net position</b>  | <b>440,866</b>            | <b>(96,522)</b>     | <b>\$ 537,388</b>   |
| Net position - beginning       | 4,116,788                 | 4,594,591           |                     |
| Change in accounting basis     | -                         | (381,281)           |                     |
| <b>Net position - ending</b>   | <b>\$ 4,557,654</b>       | <b>\$ 4,116,788</b> |                     |

The District increased their total revenues by \$50,481. The largest portion of this revenue remains federal and state grants, which accounted for 78% and 82% of total revenues in the last two fiscal years, respectively.

Total expenditure decreased by \$486,907 for the fiscal year ended June 30, 2024 compared to the prior year. Personnel expense, which includes payroll and all related taxes and retirement contributions, remained the District's largest expense, accounting for 61% and 53% of the total expenditures over the last two years, respectively.

For the fiscal year ended June 30, 2024, the District increased its net position by \$440,866, from \$4,116,788 to \$4,557,654. These figures represent the amount the District's assets exceeded its liabilities at the end of the last two fiscal years.

***Fund Financial Statement Analysis***

*General Fund Budgetary Highlights* - The District only operates one fund, the General Fund, which is budgeted for by organizational unit. The District maintains two organizational units - administrative and operating. The budget expenditures were below the legal appropriations for these categories, by \$24,571 and \$2,066,379, respectively. A summary of expenses by object classification and organizational unit for the year is as follows:

**Condensed Schedule of Revenues, Expenditures, and Changes in Fund Balance**

| Modified cash basis        | For the fiscal year ended June 30, 2024 |                 |                     |
|----------------------------|---|-----------------|---------------------|
|                            | Actual                                  | Approved Budget | Under/(Over) Budget |
|                            |   |                 |                     |
| Revenue                    | \$3,042,667                             | \$4,234,931     | \$ 1,192,264        |
| Expenditures               |   |                 |                     |
| Administrative             |   |                 |                     |
| Materials & services       | 175,638                                 | 227,700         | 52,062              |
| Personnel expense          | 253,306                                 | 299,636         | 46,330              |
| Capital outlay             | 73,821                                  | -               | (73,821)            |
| Total administrative       | 502,765                                 | 527,336         | 24,571              |
| Operating                  |   |                 |                     |
| Materials & services       | 591,226                                 | 1,008,050       | 416,824             |
| Personnel expense          | 1,333,609                               | 1,453,144       | 119,535             |
| Capital outlay             | -                                       | 1,530,020       | 1,530,020           |
| Total operating            | 1,924,835                               | 3,991,214       | 2,066,379           |
| Total expenditures         | 2,427,600                               | 4,518,550       | 2,090,950           |
| Net change in fund balance | 615,067                                 | \$ (283,619)    | \$ (898,686)        |
| Fund balance - beginning   | 997,350                                 |                 |                     |
| Fund balance - ending      | \$ 1,612,417                            |                 |                     |

The most major difference between the budgeted and actual expenditures this last fiscal year was the \$1.5M budgeted for the purchase of new buses, which were anticipated but not received by the end of the year. See the overview of next year's budget below for further information regarding these assets.

The fund balance represents the amount of current financial resources the District has available to meet future obligations. Capital assets are therefore not included in the calculation of fund balance, which is the only major difference between the District's modified cash basis calculation of fund balance and net position. The District increased its fund balance by \$615,067 in the current year, which is 62% increase from \$997,350 to \$1,612,417.

### ***Economic Factors and Next Year's Budget***

The FY25 budget will allow CAT to maintain and enhance current services and begin implementation of key projects identified in the Transit Master Plan 2023 Update, such as facility enhancements to accommodate larger buses and preparations for future service adjustments. The revenues and expenditures of the District for the next fiscal year are expected to remain fairly consistent with the most recent year. However, the District anticipates receiving several buses which were ordered but have not yet been received. Most of the cost of these buses will be covered by reimbursement grants. As payment is not due until the assets are received, both the expenditures and the related grant revenues associated with these assets are anticipated to be accounted for in the next fiscal year.

### ***Request for Information***

This financial report is designed to demonstrate the District's accountability by presenting the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances. Additional information, including our service schedules, interactive service maps, affiliated partners, fare information, and an overview of the Board members and minutes, is available on our website at [www.ridecatbus.org](http://www.ridecatbus.org).

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's office at 224 Wasco Loop, Hood River, Oregon 97031 or by calling the District at (541) 386-4202.

## **BASIC FINANCIAL STATEMENTS**



# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

## STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2024

---

### Assets

#### Current assets

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | <u>\$ 1,618,396</u> |
|---------------------------|---------------------|

|                      |                  |
|----------------------|------------------|
| Total current assets | <u>1,618,396</u> |
|----------------------|------------------|

#### Capital assets:

|                      |         |
|----------------------|---------|
| Nondepreciable, land | 436,003 |
|----------------------|---------|

|                     |                  |
|---------------------|------------------|
| Capital assets, net | <u>2,509,234</u> |
|---------------------|------------------|

|                      |                  |
|----------------------|------------------|
| Total capital assets | <u>2,945,237</u> |
|----------------------|------------------|

|              |                  |
|--------------|------------------|
| Total assets | <u>4,563,633</u> |
|--------------|------------------|

### Liabilities

|                     |       |
|---------------------|-------|
| Credit card payable | 1,847 |
|---------------------|-------|

|                     |              |
|---------------------|--------------|
| Payroll liabilities | <u>4,132</u> |
|---------------------|--------------|

|                   |              |
|-------------------|--------------|
| Total liabilities | <u>5,979</u> |
|-------------------|--------------|

### Net position

|                                  |           |
|----------------------------------|-----------|
| Net investment in capital assets | 2,945,237 |
|----------------------------------|-----------|

|                                     |         |
|-------------------------------------|---------|
| Restricted for capital improvements | 270,351 |
|-------------------------------------|---------|

|              |                  |
|--------------|------------------|
| Unrestricted | <u>1,342,066</u> |
|--------------|------------------|

|                           |                            |
|---------------------------|----------------------------|
| <b>Total net position</b> | <b><u>\$ 4,557,654</u></b> |
|---------------------------|----------------------------|

See notes to financial statements

# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended June 30, 2024

| Functions/Programs              | Expenses            | PROGRAM REVENUES        |                                       | Net Expenses/<br>Revenues and<br>changes in Net<br>Position |
|---------------------------------|---------------------|-------------------------|---------------------------------------|---|
|                                 |                     | Charges for<br>Services | Operating Grants<br>and Contributions | Total Governmental<br>Activities                            |
| <b>Governmental activities:</b> |                     |                         |                                       |   |
| Administration                  | \$ 428,944          | \$ -                    | \$ -                                  | \$ (428,944)  |
| Public transportation           | 2,145,789           | 329,979                 | 2,414,942                             | 599,132   |
| Total governmental activities   | <b>\$ 2,574,733</b> | <b>\$ 329,979</b>       | <b>\$ 2,414,942</b>                   | 170,188   |

|                                |                     |
|--------------------------------|---------------------|
| General revenues               |                     |
| Property taxes                 | 224,265             |
| Interest income                | 53,096              |
| Miscellaneous                  | 5,344               |
| Loss on sale of capital assets | (12,027)            |
| Total general revenues         | 270,678             |
| Change in net position         | 440,866             |
| Net position - beginning       | 4,116,788           |
| <b>Net position - ending</b>   | <b>\$ 4,557,654</b> |

See notes to financial statements

**HOOD RIVER COUNTY TRANSPORTATION DISTRICT**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**June 30, 2024**

|  | <b>General</b>      |
|--|---------------------|
| <b>Assets</b>                              |                     |
| Cash and cash equivalents                  | \$ 1,618,396        |
| <b>Total assets</b>                        | <b>\$ 1,618,396</b> |
| <b>Liabilities</b>                         |                     |
| Accrued payroll                            | \$ 4,132            |
| Credit card payable                        | 1,847               |
| Total liabilities                          | 5,979               |
| <b>Fund balances</b>                       |                     |
| Restricted:                                |                     |
| Capital projects                           | 270,351             |
| Unassigned                                 | 1,342,066           |
| Total fund balances                        | 1,612,417           |
| <b>Total liabilities and fund balances</b> | <b>\$ 1,618,396</b> |

**HOOD RIVER COUNTY TRANSPORTATION DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**June 30, 2024**

---

*Amounts reported for governmental activities in the statement of net position  
are different because:*

|   |                            |
|---|----------------------------|
| Total fund balances - total governmental funds  | \$ 1,612,417               |
| Capital assets used in governmental activities are not financial resources and,<br>therefore, are not reported in the funds | <u>2,945,237</u>           |
| <b>Net position of governmental activities</b>  | <b><u>\$ 4,557,654</u></b> |

**HOOD RIVER COUNTY TRANSPORTATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2024**

|                                      | <b>General</b>      |
|--------------------------------------|---------------------|
| <b>Revenues</b>                      |                     |
| Property taxes                       | \$ 224,265          |
| Charges for services                 | 329,979             |
| Intergovernmental                    | 2,414,942           |
| Interest                             | 53,096              |
| Miscellaneous                        | 5,344               |
| Total revenues                       | 3,027,626           |
| <b>Expenditures</b>                  |                     |
| Current:                             |                     |
| Administration                       | 428,944             |
| Operating                            | 1,924,835           |
| Capital outlay                       | 73,821              |
| Total expenditures                   | 2,427,600           |
| Excess of revenues over expenditures | 600,026             |
| <b>Other financing sources</b>       |                     |
| Proceeds from sale of assets         | 15,041              |
| Total other financing sources        | 15,041              |
| Net change in fund balances          | 615,067             |
| Fund balances at beginning of year   | 997,350             |
| <b>Fund balance at end of year</b>   | <b>\$ 1,612,417</b> |

**HOOD RIVER COUNTY TRANSPORTATION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2024**

---

*Amounts reported for governmental activities in the statement of activities are different because:*

|   |           |                       |
|---|-----------|-----------------------|
| Net change in fund balances - total governmental funds  | \$        | 615,067               |
| <p>Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:</p> |           |                       |
| Acquisition of capital assets   |           | 73,821                |
| Gain or (Loss) on disposals   |           | (27,068)              |
| Depreciation  |           | <u>(220,954)</u>      |
|   |           | (174,201)             |
| <b>Change in net position of governmental activities</b>  | <b>\$</b> | <b><u>440,866</u></b> |

# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1 – FINANCIAL REPORTING ENTITY**

Hood River County Transportation District (the “District”) was established as a subdivision of state government and functions as a local unit. The District was formed on July 1, 1993, organized under the provisions of Oregon Revised Statutes (ORS) Chapter 267, and established to provide transportation services to riders within Hood River County, Oregon. The District is authorized to levy taxes and charge fares to fund the operations of the District and issue general obligation bonds and revenue bonds.

The accompanying basic financial statements present the activities and funds for which the District is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the District is a primary government with no includable component units.

### **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of Presentation – Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions are reported together with fees and charges for support.

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

Only cash and cash equivalents and items that involve the receipt or disbursement of cash or cash equivalents during the period are recognized, except for the following modifications: 1) capital assets; 2) credit card payable; and 3) payroll processed as of year ended June 30, 2024.

As a result of the use of this modified cash basis of accounting, certain transactions are not presented in the financial statements. For example, accounts receivable for billed or provided services that are not yet received by the District are not accrued as revenue or receivables. Additionally, long-term liabilities such as compensated absences are not presented.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Basis of Presentation – Government-Wide Financial Statements (continued)

Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, which are presented on the modified cash basis of accounting. The District always reports its only fund as a major fund:

General - accounts for all financial resources of the District, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, intergovernmental grants, and charges for services. Expenditures are primarily for general operations and administration.

If the District utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The District's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

#### Budget Policies and Budgetary Control

Annual budgets for all funds are adopted on a basis consistent with ORS 294 – Local Budget Law. The budget is prepared on the current resources, modified cash basis of accounting for each fiscal year July 1 to June 30.

The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held, the Board enacts the resolutions to adopt the budget, make appropriations, and declare the ad valorem tax levy for all funds. The Appropriations Resolution contains amounts for personal services, materials and services, capital outlay, debt service, interfund transfers and operating contingency. This is the level of control for authorized expenditures. The level of expenditures is monitored throughout the year. Transfers are made from operating contingency or between the major object classifications of the appropriation for each fund as required to prevent an over-expenditure. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires hearings before the public, publication in newspapers, and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the level of controls. Such transfers require the approval of the Board of Directors.



# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budget Policies and Budgetary Control (continued)

Expenditures cannot legally exceed the appropriation levels. Appropriations for all funds lapse at the end of the fiscal year.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Replacements, which improve or extend the lives of property, are capitalized. Interest incurred during construction is not capitalized on capital assets. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                           | Years   |
|---------------------------|---------|
| Multi-modal facility      | 40      |
| Building and improvements | 7 - 25  |
| Transit improvements      | 10 - 20 |
| Vehicles and buses        | 5 - 10  |
| Office equipment          | 3 - 7   |

Net Position

On the statement of net position, equity is classified as net position and displayed in three components:

**Net investment in capital assets** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**Restricted net position** – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**HOOD RIVER COUNTY TRANSPORTATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position (continued)

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

***Governmental fund balance***

Governmental fund balance is reported within one of the fund balance categories listed below:

***Non-spendable*** — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

***Committed*** — Fund balance amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, which includes resolutions. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

***Assigned*** — Consists of amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority for assigning fund balance is expressed by the Board of Directors, or their designee.

***Unassigned*** — the residual classification for the District’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The District’s cash and cash equivalents at June 30, 2024 were as follows:

|  |                     |
|--|---------------------|
| Deposits with financial institutions             | \$ 761,830          |
| State of Oregon Local Government Investment Pool | 854,267             |
| Hood River County Treasurer                      | 2,199               |
| Cash on hand                                     | <u>100</u>          |
| Total cash and cash equivalents                  | <u>\$ 1,618,396</u> |

# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

#### Deposits with Financial Institutions

**Custodial Credit Risk – Deposits with Financial Institutions:** This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each financial institution.

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the District's deposits. As of June 30, 2024, deposit balance with financial institutions was \$767,051, of which none were exposed to custodial credit risk.

#### State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

**Credit risk:** Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

**Concentration of Credit Risk:** The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the District's investments are in the State of Oregon State and Local Investment Pool.

**Interest Rate Risk:** The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

## HOOD RIVER COUNTY TRANSPORTATION DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

State of Oregon Local Government Investment Pool (continued)

*Custodial Credit Risk – Investments:* This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy which limits the amount of investments that can be held by counterparties.

#### NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

|   | Balances<br>July 1, 2023 | Increases           | Decreases and<br>Reclassifications | Balance<br>June 30, 2024 |
|---|--------------------------|---------------------|------------------------------------|--------------------------|
| Capital assets not being depreciated        |                          |                     |                                    |                          |
| Land  | \$ 436,003               | \$ -                | \$ -                               | \$ 436,003               |
| Total capital assets not being depreciated  | <u>436,003</u>           | <u>-</u>            | <u>-</u>                           | <u>436,003</u>           |
| Capital assets being depreciated            |                          |                     |                                    |                          |
| Buildings and improvements                  | 2,235,845                | 73,821              | 9,895                              | 2,319,561                |
| Transit improvements                        | 828,907                  | -                   | -                                  | 828,907                  |
| Vehicles and equipment                      | <u>1,505,501</u>         | <u>8,568</u>        | <u>(371,466)</u>                   | <u>1,142,603</u>         |
| Total capital assets being depreciated      | <u>4,570,253</u>         | <u>82,389</u>       | <u>(361,571)</u>                   | <u>4,291,071</u>         |
| Less accumulated depreciation for:          |                          |                     |                                    |                          |
| Buildings and improvements                  | 735,292                  | 60,513              | 3,652                              | 799,457                  |
| Transit improvements                        | 355,038                  | 43,813              | -                                  | 398,851                  |
| Vehicles and equipment                      | <u>796,488</u>           | <u>116,628</u>      | <u>(329,587)</u>                   | <u>583,529</u>           |
| Total accumulated depreciation              | <u>1,886,818</u>         | <u>220,954</u>      | <u>(325,935)</u>                   | <u>1,781,837</u>         |
| Total capital assets being depreciated, net | <u>2,683,435</u>         | <u>(138,565)</u>    | <u>(35,636)</u>                    | <u>2,509,234</u>         |
| Capital assets, net                         | <u>\$ 3,119,438</u>      | <u>\$ (138,565)</u> | <u>\$ (35,636)</u>                 | <u>\$ 2,945,237</u>      |

Depreciation expense of \$220,954 was charged to operations for the year ended June 30, 2024.

#### NOTE 5 – RETIREMENT PLAN

The District has adopted a deferred compensation plan and a matching and contribution plan under sections 457(b) and 401(a) of the Internal Revenue Code (IRC), respectively. The plan is administered by AIG Valic. Employees who complete one year of service and whose compensation is at least \$5,000 per year are eligible to participate in the plan. Eligible employees may elect to defer eligible compensation subject to limits established by IRC Section 567(b) immediately upon hire and the District matches employee deferrals up to 4% of annual compensation. The District Board of Directors has the authority to establish or amend the plan's provisions and contribution requirements. For the year ended June 30, 2024, the District contributed \$19,626 to the Plan and employees contributed a total of \$24,892.

## **HOOD RIVER COUNTY TRANSPORTATION DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **NOTE 6 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District purchases commercial insurance for most hazards. No losses were incurred during the past three fiscal years ended June 30, 2024 that exceeded the District's insurance coverage.

#### **NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**SUPPLEMENTARY INFORMATION**

# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

Year Ended June 30, 2024

|   | Budget            |                   | Actual              | Variance           |
|---|-------------------|-------------------|---------------------|--------------------|
|   | Original          | Final             |                     |                    |
| <b>Revenues</b>                                   |                   |                   |                     |                    |
| Property taxes                                    | \$ 210,000        | \$ 210,000        | \$ 224,265          | \$ 14,265          |
| Charges for services                              | 320,224           | 320,224           | 329,979             | 9,755              |
| Intergovernmental                                 | 3,664,707         | 3,664,707         | 2,414,942           | (1,249,765)        |
| Interest  | 20,000            | 20,000            | 53,096              | 33,096             |
| Miscellaneous                                     | 10,000            | 10,000            | 5,344               | (4,656)            |
|   | <b>4,224,931</b>  | <b>4,224,931</b>  | <b>3,027,626</b>    | <b>(1,197,305)</b> |
| <b>Total revenues</b>                             |                   |                   |                     |                    |
| <b>Expenditures</b>                               |                   |                   |                     |                    |
| Administration                                    | 527,336           | 527,336           | 502,765             | 24,571             |
| Operating   | 3,991,214         | 3,991,214         | 1,924,835           | 2,066,379          |
| Contingency                                       | 261,381           | 261,381           | -                   | 261,381            |
|   | <b>4,779,931</b>  | <b>4,779,931</b>  | <b>2,427,600</b>    | <b>2,352,331</b>   |
| <b>Total expenditures</b>                         |                   |                   |                     |                    |
| Excess (deficiency) of revenues over expenditures | (555,000)         | (555,000)         | 600,026             | 1,155,026          |
| <b>Other financing sources</b>                    |                   |                   |                     |                    |
| Sale of capital assets                            | 10,000            | 10,000            | 15,041              | 5,041              |
|   | <b>10,000</b>     | <b>10,000</b>     | <b>15,041</b>       | <b>5,041</b>       |
| <b>Total other financing sources</b>              |                   |                   |                     |                    |
| Net change in fund balance                        | (545,000)         | (545,000)         | 615,067             | 1,160,067          |
| Fund balance at beginning of year                 | 1,245,000         | 1,245,000         | 997,350             | (247,650)          |
| <b>Fund balance at end of year</b>                | <b>\$ 700,000</b> | <b>\$ 700,000</b> | <b>\$ 1,612,417</b> | <b>\$ 912,417</b>  |

## **COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S REPORT REQUIRED BY  
OREGON STATE REGULATIONS**

To the Members of the Board of Directors  
Hood River County Transportation District  
Hood River, Oregon

We have audited the basic financial statements of the Hood River County Transportation District (the "District") as of and for the year ended June 30, 2024, and have issued our report thereon dated September 26, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Board of Directors  
Hood River County Transportation District  
Independent Auditor's Report Required by Oregon State Regulations

**OAR 162-010-0230 Internal Control**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

**Restriction of Use**

This report is intended solely for the information and use of the Board of Directors, the management of the Hood River County Transportation District, and the Oregon Secretary of State, and is not intended to be and should not be used by anyone other than these parties.

*Singer Lewak LLP*

September 26, 2024

By:



Brad Bingenheimer, Partner